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 CENTRAL INTELLIGENCE AGENCY REPORT NO. [REDACTED]

# INFORMATION REPORT

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25X1 SUBJECT Developments in the Soviet  
 Oil Administration (SMV)

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THIS IS UNEVALUATED INFORMATION

1. In accordance with directives received in late 1948, the Soviet Oil Administration in Austria (SMV) is continuing the dismantling of equipment and clearance of warehouses. Under the direction of MITTELMANN, the following sales of SMV stocks have been made recently.

a. The firm Chemische Fabrik Wilhelm Neuber, Vienna VI, Burckengasse, purchased 80 tons of copper sulfate from the SMV. ILLEGIB

b. One carload of diesel oil in Neusiedl to Moscow. ~~MASOVOL~~

c. Remaining supplies and equipment at the SMV warehouse at Moosbierbaum, which were valued at approximately 6,000,000 schillings, were purchased by the firm Baldauf, Vienna V, Margareten Guertel 3.

d. After selling on the Austrian market as much as possible of the lead stocks stored in the warehouse in Lobau, the last 45 tons were shipped to Czechoslovakia.

e. The last 30 tons of ceresin remaining in SMV warehouses have been shipped to Czechoslovakia. All shipments to Czechoslovakia from SMV warehouses are handled by Juschwmeschtrans, and all return shipments from Czechoslovakia in payment for these exports are handled by the Communist-controlled firm Transport-Express, Vienna IV, Wohllebengasse 18.\*

f. Miscellaneous items from the warehouse at Lobau, which could not be sold wholesale, such as workers' clothing, shoes, coats, women's stockings, jersey and other material are being sold directly to consumers in Lower Austria and Burgenland by SMV agents. One million schillings worth of textiles, including mattresses, stored in the Lobau warehouse, were destroyed by rats.

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2. The greater part of SMV purchases, most of which are for current production, are now made in Western Europe, and it has been observed that Soviet directors are not too concerned with the prices demanded. In contrast, special high level permission is now required for purchases from eastern countries, and the volume of these transactions has decreased markedly in the past few weeks. \*\*
3. KUZIN, deputy chief of the Central Commercial Bureau of USIA, has offered intermediaries a commission of 150,000 schillings for purchases of unspecified but large quantities of oil boring bits manufactured in the Western Zones of Germany. The Soviets are willing to pay dollars or other hard currencies for any quantities and sizes of these bits, which are presumably destined for use by the SMV.
4. During the first week in March 1949, MITTELMANN gave his agent TATSCHL full authority to negotiate with Brixlegg-Montan for the purchase of their entire production of 99.9 percent pure copper. The destination of this copper, if the SMV, was successful in its attempts to purchase it, was reported to be Hungary. TATSCHL is also reported to have concluded an agreement with Brixlegg-Montan for the purchase of its entire current supply of barite. [redacted] the price of barite in Vienna would have been 34.20 schillings per 100 kilograms but, after considerable bribery, TATSCHL was able to buy it for 24.20 schillings. TATSCHL's commission from the SMV on the deal was only 2,000 schillings, but he was able to make a private arrangement with Brixlegg-Montan by which he will supply them with old copper at 7 schillings per kilogram for recasting into bars or plates. TATSCHL will then resell the copper to eastern European countries for 14 schillings per kilogram.
5. The USIA-controlled Mannesmann-Tri [redacted] drill heads, spare sparts for pump [redacted] payment of a debt of 400,000 schillings owed to the SMV.
6. The SMV is attempting to purchase 400,000 schillings worth of sulphuric acid through the purchasing office of the Chemical Department of USIA, Vienna IV, Wohllebengasse 4. The SMV does not have the necessary schillings funds and has agreed to reimburse USIA in an equivalent value of tin.
7. The SMV has purchased 1,025 meters of special cable used in oil extraction from the AKC, Bratislava. The shipment was handled by the ~~steaming~~ shipping company Transport-Express and was delivered to the SMV warehouse in Lobau. The shipment was certified as belonging to the Soviet Occupation Forces and entered Austria without payment of customs duties. ILLEGIB

[redacted] export stamp, which formerly could be obtained only through the Soviet offices at the Hotel Imperial, on all exports connected with oil business. ILLEGIB  
YESKOV is the Soviet SMV official who has been appointed to countersign

[redacted] turned over his duties to ARSHINOV, a recent arrival from Moscow.

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25X1 Comment: [redacted] port-Express was reported to be an ex-firms which are being set up to handle USIA trade. The names of several of these new firms have been reported. The fact that Transport-Express is mentioned here as the agent handling imports in payment for SMV exports may possibly indicate that the SMV will utilize these cover firms for trade purposes in conjunction with USIA enter- 25X1  
prises, ~~and purposes~~